



Solicitation Information
May 21, 2013

RFP# 7467390

**TITLE: AUDIT OF THE FINANCIAL STATEMENTS OF THE RHODE ISLAND
WATER RESOURCES BOARD CORPORATE**

OPENING DATE AND TIME: June 18, 2013 at 11:00 AM (ET)

Questions concerning this solicitation may be e-mailed to the Division of Purchases at gail.walsh@purchasing.ri.gov **no later than June 4, 2013 at 12 Midnight.** Please reference the RFP # on all correspondence. Answers to questions received, if any, will be posted on the Internet as an addendum to this solicitation. It is the responsibility of all interested parties to download this information.

SURETY REQUIRED: No
BOND REQUIRED: No

Gail Walsh
Chief Buyer

Vendors must register on-line at the State Purchasing Website at
www.purchasing.ri.gov.

NOTE TO VENDORS:

Offers received without the entire completed four-page RIVIP Generated Bidder Certification Form attached may result in disqualification.

THIS PAGE IS NOT A BIDDER CERTIFICATION FORM

Audit of the Financial Statements of the Rhode Island Water Resources Board Corporate

The Rhode Island Water Resources Board Corporate, a quasi-public corporation, plans to engage a firm of Certified Public Accountants to audit the financial statements. The public accountants will also perform other accounting services as set forth in the body of this document. To this end, the Board of Directors sets forth the following specifications contained herein. This solicitation and any subsequent award are governed by the State's general Conditions of Purchase (available at www.purchasing.ri.gov).

INSTRUCTIONS AND NOTIFICATIONS TO OFFERORS

This is an RFP, not an Invitation for Bid. Responses will be evaluated on the basis of the relative technical merits of the proposal as provided herein, in addition to cost.

Potential offerors are advised to review all sections of this Request carefully and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal.

Alternative approaches and/or methodologies to accomplish the desired or intended results of this procurement are solicited. However, proposals which depart from or materially alter the terms, requirements, or scope of work defined by this Request will be rejected as being non-responsive.

All costs associated with developing or submitting a proposal in response to this Request, or to provide oral or written clarification of its content shall be borne by the offeror. The State assumes no responsibility for these costs.

Proposals are considered to be irrevocable for a period of not less than sixty (60) days following the opening date, and may not be withdrawn, except with the express written permission of the State Purchasing Agent.

All pricing submitted will be considered to be firm and fixed unless otherwise indicated herein.

Proposals misdirected to other state locations or which are otherwise not present in the Division of Purchases at the time of opening for any cause will be determined to be late and may not be considered. The "Official" time clock is in the reception area of the Division of Purchases.

In accordance with Title 7, Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation shall have the right to transact business in the state until it shall have procured a Certificate of Authority to do so from the Rhode Island Secretary of State (401-222-3040). *This will be a requirement only of the successful bidder(s).*

Offerors are advised that all materials submitted to the State of Rhode Island for consideration in response to the Request for Proposals will be considered to be public records, as defined in Title 38 Chapter 2 of the Rhode Island General Laws, without exception, and will be released for inspection immediately upon request, once an award has been made.

It is assumed that an award pursuant to this Request will be made to a prime contractor, who will assume responsibility for all aspects of the work. Joint venture and cooperative proposals will not be considered, but subcontracts are permitted, provided that their use is clearly indicated in the offeror's proposal, and the subcontractor(s) proposed to be used are identified in the proposal.

The State of Rhode Island has a goal of ten percent (10%) participation by MBE's in all State procurements. For further information, visit the web site www.mbe.ri.gov. To speak with an M.B.E. Officer, call (401) 222-6253 or e-mail charles.newton@doa.ri.gov.

Interested parties are instructed to peruse the Division of Purchases web site on a regular basis, as additional information relating to this solicitation may be released in the form of an addendum to this RFP/LOI.

Equal Employment Opportunity (RIGL 28-5.1)

§28-5.1-1 Declaration of policy. – (a) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified and non-classified services of state employment. This policy applies in all areas where the state dollar is spent, in employment, public service, grants and financial assistance, and in state licensing and regulation. For further information, contact the Rhode Island Equal Employment Opportunity Office, at (401) 222-3090 or e-mail Raymond.lambert@hr.ri.gov.

Reporting Deadlines

1. The basic financial statements and required supplementary information will be completed and the final audit reports (inclusive of audit communications) will be delivered to the Board of Directors, Water Resources Board Corporate, the State Controller, the Director of Administration, and the Auditor General (2 copies) by September 30th for inclusion in the State's Annual Financial Report.
2. Management Letters and the other information will be completed and the final reports (inclusive of all audit communications) will be delivered to the Board of Directors, Water Resources Board Corporate, the State Controller, the Director of Administration, and the Auditor General (2 copies) by November 30th.

Qualifications of the Auditor

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid permit to practice from the State of Rhode Island or from another state having equal professional standards.

2. The senior auditor in charge of the field work shall be a certified public accountant.
3. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.
4. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
5. The audit organization shall provide a copy of their most recent external quality control review report to the agency.
6. The audit organization will comply with the auditor independence requirements under *Government Auditing Standards*.
7. The audit organization will possess the personnel, experience and resources necessary to complete the audit in accordance with the audit specifications and within the required deadlines.

Audit Contract

1. The audit contract covers each of the three fiscal years in the period ending June 30, 2015.
2. Each bidder will specify the fees and expenses by year, and by type of audit and service. Fee schedules will also disclose staff hours, rate, and out-of-pocket expenses. The fee for the financial statements and all special reports will be inclusive of all expenses.
3. Each bidder will also include a fee quote by staffing level for the hourly rate for additional accounting/auditing services.
4. Audit proposals shall be submitted in a sealed envelope clearly marked as an audit proposal.
5. Audit proposal submissions should be addressed to the RI Division of Purchases, 2nd Floor, One Capitol Hill, Providence, RI 02908-5855.
6. Audit proposals must be received no later than June 18, 2013 at 11:00 AM.

7. No firm shall perform auditing services for more than six (6) consecutive years or two contract terms.

Audit Standards

1. The audit will be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit will be conducted in accordance with generally accepted auditing standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Audit Reports and Scope

The following reports, statements and schedules will be reported upon by the auditing firm for each institution for each fiscal year:

1. Basic Financial Statements (Business Type Activities format) as required by the Governmental Accounting Standards Board (GASB), to include a:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows using the direct method
2. Required Supplementary Information; to include:
 - Management's Discussion and Analysis (MD&A)
 - Footnotes and other required supplementary information in accordance with current Governmental Accounting Standards.
3. Other Supplemental Information. (a) Reports required under trust agreements, loan agreements, etc. Quantitative information for the preceding Fiscal Year of the type presented in the Board's Official Statement for the Bonds (the "Official Statement") consisting of (1) a summary table and listing of covered water production by Participating Suppliers (Table 1); (2) a summary of collection of Water Quality Protection Charges from Participating Suppliers (Table 2). (b) A detailed schedule of travel and entertainment expenses shall be included as supplementary information to the financial statements. Chapter 35-7-14 of the General Laws of the State of Rhode Island requires each agency to prepare and maintain documentation for all travel and entertainment in sufficient detail to allow for post audit. Additional information and/or schedules that management believes are necessary to make the financial statements more informative will also be included as supplementary information to the financial statements.

Management's Discussion and Analysis: All draft copies of the audit report and management letter will be submitted to the general manager, the chairman of the Water Resources Board, members of the Water Resources Board Corporate Finance Committee, and the Auditor General prior to the exit conference so that there will be adequate time for review.

Management Letters

A separate management letter will be prepared containing specific recommendations and/or observations beyond those included in the reports described above on such matters as:

- Policies, procedures and practices employed by the institutions.
- Immaterial weaknesses in the internal controls that are not "significant deficiencies."
- Use of resources to provide service in a reasonable, judicious, economical, and efficient manner.
- Compliance with state laws pertaining to the agency and with rules and regulations established by the Board of Directors.

Upon completion of the audit, a management letter will be submitted to the Board of Directors, with copies to the Director of Administration and the Auditor General.

Coordination between the Auditor and the Auditor General, the Board of Directors, and the Director of Administration

1. The private auditor selected for the audit will cooperate with the Auditor General, as principal auditor, in his coordination of the Single Audit of the State, as well as with the Board of Directors and the Director of Administration.
2. Specific inquiries and procedures to assure such coordination include:
 - Written representation by the private auditor that the financial statements he/she is to audit will be incorporated in the financial statements of the state as the reporting entity and that their report thereon will be relied upon and referred to by the Auditor General as well as any other reports required by *Government Auditing Standards*. Or the Single Audit Act and OMB Circular A-133.
 - Written representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants

including those in Interpretation 10 of Rule 101 of the AICPA Code of Professional Ethics and *Government Auditing Standards*.

- Written representation that the private auditor meets the continuing educational requirements of *Government Auditing Standards*.
- Written representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The auditor will provide the Auditor General with a copy of the most recent external quality control review report.
- Written representation that the private auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996 and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and will conduct the audit and will report in accordance with those standards.
- Joint audit planning and wrap-up meetings (generally three per year) with the Board of Directors representative, the Auditor General, and the State Controller.
- Invitations to the Auditor General for entrance, exit and other significant conferences.
- Submission of all "draft" copies of the audit report(s) and management letter before the exit conference.
- Prompt notification to the Board of Directors (through its representatives), the Auditor General and the Director of Administration by the private auditor if he becomes aware of fraud, abuse, or illegal acts or indications of such acts.
- Prompt notification to the Board of Directors (through its representatives), the Auditor General and the Director of Administration by the private auditor if he encounters any significant accounting and/or auditing problems, or any situations that would delay completion of the audit.

Audit Work papers

The work papers of the auditors will be made available upon request of the Board of Directors, the Director of Administration or the Auditor General for review upon the completion of the audit.

Other Provisions

1. Payment. The auditors will be paid for their professional services upon completion of each fiscal year's audit and acceptance by the Board of Directors. Payment for services will be made in the year services are performed, which may differ from the fiscal year audited.
2. Access to records. The auditors will have the full authority of the Board of Directors to gain access to any and all books, records, documents and personnel, etc., which they deem necessary and appropriate to the conduct of the audit. All information gained from such access will be treated as confidential unless other arrangements are approved by the Board of Directors. The successful proponent may be required to sign a confidentiality agreement before commencing the engagement.
3. Required number of reports. The financial statements and schedules, together with the related audit report, will be bound and twenty (20) copies will be delivered to the Board of Directors. An electronic copy (PDF) will also be provided.
4. Lowest Bid. The State / Board of Directors reserve the right to reject the lowest bid. It may also reject all bids. In either case, the reason for the action shall be documented.
5. Pre-bid Conference. There will be no pre-bid conference for this solicitation.
6. Audit Work Plan. The auditors will submit an audit work plan including the audit approach to be employed, staffing levels, required client prepared information and schedules, and the proposed timing of work at each institution by May 15th of the fiscal year to be audited.
7. Professional Staff. Every effort will be made to maintain staff continuity during the course of the contract. The auditors will submit engagement partner, manager, and in-charge resumes each year prior to commencing audit/review work. The Board of Directors reserves the right to approve/reject auditor staffing at this level.
8. Technical Advice. The auditor will keep the WRB Corporate and the institutions advised of accounting and auditing developments that may affect them. This advisement may include presentations to the Board of Directors and management.

9. Terminations of Service. *Each party reserves the right to terminate the contract at the conclusion of annual audits and/or reviews upon 60 days notice. The Water Resources Board Corporate reserves the right to terminate the contract for cause at any time in accordance with the State of Rhode Island's general conditions of purchase.*

Interested public accounting firms should submit Letters of Interest for the application area containing the following information:

- A description of the audit firm and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, including whether these individuals meet the continuing educational requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States.
- Documentation on the firm's internal quality control system in place and participation in an external quality control review program as required by *Government Auditing Standards*.
- A copy of the firm's most recent external quality control review report.
- An acknowledgement that the firm complies with the auditor independence requirements of the *Government Auditing Standards*.
- Documentation indicating that the firm possesses the personnel, experience and resources necessary to complete the audits in accordance with the audit specifications and within the required deadlines.
- References from clients demonstrating that the firm has substantial experience with governmental type audits
- A **separate sealed** cost proposal including a comprehensive price list for all services including fully absorbed hourly billing rates for all members of the proposed audit team.

Responses (an original plus five (5) copies) should be mailed or hand-delivered in a sealed envelope marked "Request for Proposals – RI Water Resources Board Corporate Auditing Services" to:

State of Rhode Island
Dept. of Administration/RI Division of Purchases
2nd Floor
One Capitol Hill
Providence, RI 02908-5855

NOTE: Proposals received after the above-references due date and time may not be considered. Proposals misdirected to other State locations or which are otherwise not presented in the Division of Purchases by the scheduled due date and time will be determined to be late and may not be considered. Proposals faxed, or emailed, to the Division of Purchases will not be considered. Once again, the official time clock is located in the reception Area of the Division of Purchases.

Questions concerning this solicitation may be e-mailed to the Division of Purchases at gail.walsh@purchasing.ri.gov no later than the date & time listed on the cover sheet of this solicitation. **Send your questions in Microsoft Word format.** Please reference the RFP# on all correspondence. Questions received, if any, will be posted and answered on the Internet as an addendum to this solicitation. It is the responsibility of all interested parties to download this information. For computer technical assistance, call the helpdesk at 401-222-3766 or lynda.moore@doit.ri.gov.

Responses must include the following:

1. A completed and signed four R.I.V.I.P. generated bidder certification cover form (downloaded from the R.I. Division of Purchases Internet home page at <http://www.purchasing.ri.gov>): This form should be in every proposal copy submitted to the State.
2. A statement of experience describing the Vendor's background, qualifications, and experience with and for similar projects, and all information described earlier in this solicitation; and
3. A comprehensive price list for services as previously described.
4. A completed and signed W-9 (taxpayer identification number and certification). Form is downloadable at www.purchasing.ri.gov. **Please include with original Proposal only.**
5. In addition to the multiple hard copies of proposals required, Respondents are requested to provide their proposal in electronic format (CD). Microsoft Word / Excel or PDF format is preferable. Only 1 electronic copy is requested.

Evaluation of the responses will be based on evidence of:

1. Competence to perform the desired services by virtue of the experience of the offeror in providing similar services, and the qualifications and experience of the staff who would be assigned to perform the services [30%];
2. Ability to perform the services expeditiously, as reflected by current workload and the availability of an adequate number of personnel [20%];

3. Past performance, as reflected by the evaluation of customers/consumers for whom similar work has been performed, including but not limited to the Courts, other state agencies, and individuals with communication disabilities, with respect to quality of work performed, ability to meet deadlines, and control of costs [20%]; and
4. A cost proposal or fee schedule that supports the services proposed [30%].

The State reserves the right to accept or reject any or all offers, bids, or proposals. The State also reserves the right to make one or more awards as a result of this solicitation, to award on the basis of cost alone, and to act in its best interest.

In accordance with R.I.G.L. 35-7-13 and R.I.G.L. 22-13-6, the Technical Review Sub-Committee will present written findings, including the results of all evaluations, to State Auditor general and the State Director of Administration, for award consideration. When a final decision has been made, the Division of Purchases will post a scoring summary on its website www.purchasing.ri.gov.

PROFESSIONAL LIABILITY COVERAGE

The selected vendor will be required to provide proof of and maintain Professional Liability coverage according to the following:

1. Limits - \$1,000,000 per occurrence;
2. Coverages issued on a claims made basis should stipulate uninterrupted coverage for the length of the agreement and at least three (3) years thereafter; and
3. Self-insured retentions in excess of \$10,000 require prior State approval.

Other Disclosures

- a. In accordance with Chapter 27 of Title 17 of the Rhode Island General Laws, we have filed, or will file upon execution of this contract if required, an affidavit with the State Board of Elections concerning reportable political contributions.
- b. We certify that no Rhode Island “Major State decision-maker”, or spouse or dependent child of such person as defined in RIGL § 42-6-1 holds either a ten percent or greater equity interest or a five thousand dollar or greater cash interest in the business.